

Housing

Housing Market Continues To Ride Wave Of Consumer Optimism

Sales of previously owned homes rose sharply in January from one year earlier, as the housing market continued to ride a wave of consumer optimism, according to the National Association of Realtors.

The association recorded a seasonally adjusted annual sales rate of 3.78 million existing single-family homes in January, up 14.9 percent from January 1992, when the resale rate was 3.29 million units. The trend over the past four months shows the market heading for its strongest year since 1979.

According to NAR President William S. Chee, homes sales have picked up notably in markets across the nation, due to growing consumer confidence. "More and more 'for sale' signs are going up," he said. "We're seeing people who want to sell, not just those who have to sell. The timing is good now for both sellers and buyers."

Steady activity by first-time buyers has spurred an increase in purchases by those trading up to larger homes, Chee noted.

Low mortgage rates are continuing to make home ownership very affordable. The Federal Home Loan Mortgage Corp. reported that the national average commitment rate for 30-year, conventional, fixed-rate mortgages was 8.00 percent in January, down from 8.21 percent the previous month, and down from 8.43 percent in January 1992.

NAR is predicting that mortgage rates will keep declining, due to the Clinton administration's focus on low-

ering the national deficit and long-range economic growth measures. "President Clinton's attack on the deficit will yield lower interest rates, which will ensure the continued rally in the housing market," Chee said.

Last month's national median existing single-family home price was \$103,700, which was 1.6 percent higher than one year earlier, when the price was \$102,100. The median is the midpoint in the price range--half the homes sold cost more, half cost less. The year-to-year price increase reflects steady demand. Chee noted.

The total number of existing single-family home sales in 1992 was revised to 3.52 million--the highest yearly total since 1979, when 3.83 million homes were sold.

All the regions recorded year-to-year increases in home sales for January. In the Northeast, the pace for January was 600,000 units, up an extraordinary 25.0 percent from January 1992. The median price for existing single-family homes in the Northeast was \$134,400 last month, down 4.2 percent from one year earlier.

According to NAR Chief Economist John A. Tuccillo, the Northeast's economy is starting to regain momentum. Much of the activity there is due to purchases at the lower end of the price range, he noted. "Buyers who were priced out a few years ago are finding they can afford to be in the market now," he said.

An ample supply of affordable housing resulted in year-to-year sales increases for both the midwest and

South. The resale rate in the Midwest was 1.01 million units in January, which was up 11.0 percent from one year earlier. The median existing-home price in the Midwest was \$82,600, up 3.8 percent from January 1992.

The South posted a resale rate of 1.36 million units in January, up 15.3 percent from the January 1992 pace. The region's median price was \$90,400 last month, up 1.3 percent from one year earlier.

Despite lackluster economic conditions and unseasonably bad weather in California, home sales were strong in the West. The resale rate for that region was 810,000 units in January, 11.0 percent above that for January 1992. The median price in the West was \$143,300 last month, down 4.2 percent from January 1992.

According to Tuccillo, "the stage is set" for a very healthy year in the housing industry. "All the factors are in place--low rates, stable home prices, and willing consumers," he said.

Currently, NAR is predicting existing single-family home sales to total 3.69 million units this year, representing a 4.9 percent increase from the 1992 total. The median price for existing single-family homes is expected to be \$106,900, rising 3.1 percent above the price for last year.

Bank Of America Announces Grants To Five Northeast Portland Projects

Five non-profit organizations serving North and Northeast Portland have received grants totaling \$42,500 from the BankAmerica Foundation. The grants include:

- \$20,000 to the Providence Child Care Center for its Children's Nursing Center
- \$15,000 to the Portland Housing Center supporting continued efforts to promote affordable housing in lower-income neighborhoods.
- \$2,500 to Housing Our Families to support efforts to provide safe and affordable housing for women and their families.
- \$2,500 to Habitat for Humanity toward rehabilitation of homes in the Vernon Neighborhood.
- \$2,500 to the Garlington Mental Health Center for the purchase of children's toys, art supplies, books, tables and chairs, and equipment.

"We view these contributions as an investment in the community," said Rich Brown, vice president of Corporate Community Development for Bank of America Oregon. "In making these grants, we commend the tremendous efforts of each of these



organizations are making to create a stronger and richer community for us all." BankAmerica Foundation, established in 1968, is the philanthropic arm of BankAmerica Corporation. The foundation funds private, non-profit, tax-exempt organizations engaged in health and human services, education, conservation and the environment, community investment and the arts.



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